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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

AUG 16 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
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Telephone Number Portability ) CC Docket No. 95-116  
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COMMENTS OF THE  
CELLULAR TELECOMMUNICATIONS INDUSTRY ASSOCIATION  
ON THE FURTHER NOTICE OF PROPOSED RULEMAKING

The Cellular Telecommunications Industry Association ("CTIA")<sup>1</sup> hereby submits its comments on the cost-recovery mechanisms proposed in the *First Report and Order and Further Notice of Proposed Rulemaking* in the above-captioned proceeding.<sup>2</sup> In the *Further Notice*, the FCC seeks comment on the costs associated with designing, building, and deploying long-term number portability, and its proposals for a "competitively neutral" cost recovery mechanism.

<sup>1</sup> CTIA is the international organization of the wireless communications industry for both wireless carriers and manufacturers. Membership in the association covers all Commercial Mobile Radio Service ("CMRS") providers, including cellular, personal communications services, enhanced specialized mobile radio, and mobile satellite services.

<sup>2</sup> *First Report and Order and Further Notice of Proposed Rulemaking*, Telephone Number Portability, CC Docket No. 95-116, RM 8535 (released July 2, 1996 ("Further Notice")).

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The Commission tentatively concludes that the costs involved in providing long-term service-provider number portability can be divided into three categories: (1) industry-wide costs; (2) carrier specific direct costs; and (3) carrier specific indirect costs. *Further Notice* at ¶ 208. In addition, the Commission tentatively concludes that its long-term cost recovery method should not give one service provider an "appreciable incremental cost advantage" over another service provider, and that the cost recovery mechanism should not have a disparate effect on carriers ability to earn a normal return. *Further Notice* at ¶ 210. Consistent with these principles, the Commission proposes to recover the costs of facilities shared by all telecommunications carriers for providing long-term number portability by allocating the costs in proportion to each telecommunications carrier's total gross telecommunications revenues minus charges paid to other carriers. *Further Notice* at ¶ 213. The Commission also seeks comment on how to recover direct carrier specific costs, including whether costs may be recovered directly from consumers. Finally, the Commission proposes that carrier-specific costs not directly related to number portability should be borne by individual carriers as network upgrades. *Further Notice* at ¶ 226.

As a general matter, CTIA supports cost-recovery mechanisms that allocate and recover costs on a nationwide

basis. CMRS service areas, especially multistate cellular "clusters" and broadband PCS MTA licenses, may encompass more than one regional database. Moreover, wireless networks employ "IS-41" technology to enable subscribers to use their wireless telephones throughout the nation and to check fraud. IS-41 facilitates the exchange of data and other pertinent information between wireless switches, thus enabling different mobile switching centers to communicate with one another.<sup>3</sup> Taken together, the geographic scope of wireless service areas and the wireless intelligent network's IS-41 architecture dictate adoption of a nationwide cost recovery mechanism.

The Commission's proposal to allocate recoverable costs in proportion to each carrier's gross telecommunications revenues is claimed to approach the best method of allocating costs across carriers.<sup>4</sup> However, while such an approach may allocate recoverable costs roughly in proportion to a carrier's costs in a mature, static

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<sup>3</sup> For example, when a telephone call request is transmitted over a wireless network, the home switch serving the subscriber queries its home location register ("HLR") database to determine whether the subscriber is in good standing, i.e., the process validation. Similarly in a roaming context, the visiting location register ("VLR") database transmits IS-41 messages back to the home carrier's HLR to validate the wireless telephone number associated with that subscriber and permit delivery of the call.

<sup>4</sup> See *Further Notice* at n.609.

industry, it may not be appropriate in a dynamic industry characterized by new entry, rapid investment, and buildout of new wireless systems. For example, new PCS providers may have allocable costs, but as start-up providers, minimal revenues, especially when compared to incumbent LECs. Further analysis is required, once these costs are more fully defined, to determine if the proposal to allocate recoverable costs based on gross revenues is indeed competitively neutral.

At present, CTIA is unable to provide meaningful comment on usage (*i.e.*, per-query) costs. It will be many months before the wireless industry can estimate these costs, since the costs are dependent on the ultimate approach selected to implement long-run number portability, and the expense associated with installing the equipment and software upgrades, and modifications to current signaling, call routing, and translation functions needed to provide number portability. At present, all of these elements are unknown.

The current uncertainty also precludes meaningful comment on the tri-partite approach to categorizing recoverable costs proposed by the Commission. While the three categories may be appropriate to a wired environment, the additional complexity of the wireless network architecture is likely to blur the conceptually neat

theoretical distinctions proposed to separate industry-wide and carrier specific costs, and carrier specific direct and carrier specific indirect costs. For example, CMRS providers already have deployed intelligent network capabilities that would have provided the platform for the introduction of additional features. The Commission's imposition of number portability requirements on the wireless industry may require modifications to the existing network infrastructure that will not augment CMRS providers' ability to provide additional services unrelated to number portability, since the IS-41 network and its concomitant Intelligent Network features already has been deployed. If this is indeed the case, the proposed distinction separating the recovery of direct and indirect costs will not be appropriate for wireless carriers.

**SUMMARY**

Given the present uncertainty concerning these cost recovery issues, the Commission may wish to defer action on this *Further Notice* and seek further comments once the industry has determined how it will implement the underlying number portability capabilities mandated by the *First Report and Order*.

Respectfully submitted,



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